Food and Agriculture (1949) Department.

MS SERIES.

G.O. NO. 1494

1494

Dated 29.11.49

Passed

[Despatch Abstract]

Civil Supplies - The Sugar Stocks (control) Order, 1945 - Permission to the India Sugar and Refineries Ltd; Hopkar to pledge their stock of sugar with banks - Orders.

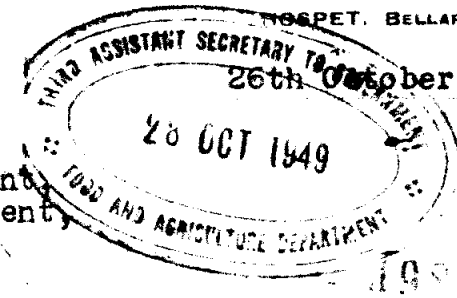
THE INDIA SUGARS & REFINERIES, LIMITED.

(REGISTERED OFFICE: HOSPET BELLARY DISTRICT

SUGAR AGENCIES LTD.

HOSPET, BELLARY DIST.

26th October, 1949.



Ref. No. 396

Deputy Secretary to Government,
Food and Agriculture Department,
Fort St. George,
Madras.

Sir,

Freezing of the sugar stocks -- Letter required by the Bank for the renewal of the loan on pledge of stocks.

The freezing of the sugar stocks and the sealing up of our godown by the Sub-Collector under your orders and Section 3 of the Government G.O. No. M.S. 1070 according to which any stocks held by us on the date of issuing this above G.O. or any sugar x that may be produced by us thereafter is deemed to have been sold to the Government; have set in certain complications in our dealings with the Bank.

The Imperial Bank with whom our stocks are pledged for the purpose of the Cash Credit Account have refused further loans unless we obtain from you a letter as per the draft enclosed herewith.

We shall therefore be glad if you will write to the Agent, Imperial Bank of India, Bellary as per the draft enclosed immediately under advice to us.

As we propose to start crushing about 7th of next month and as it is essential that our Cash Credit account with the Bank must be in order by then so that we may not

P.T.O.

have any difficulty regarding the funds we request you to address the Bank immediately.

Thanking you,

Yours faithfully,

For THE INDIA SUGARS & REFINERIES LTD.,

Manager.

ENC: 1

F&A (F)

Endt No. 4984 IF/49

mkb/jnr. Referred to the Bd of Directors for immediate remarks

J.
One Bd Place
R.D. 15/11

Bombay

31.10.49

To

The Agent,
Imperial Bank of India, Bellary.

Dear Sir,

M/s. India Sugars & Refineries Ltd., Hospet.

I understand sugar stocks manufactured by the above Company are straightaway pledged to your office of the Bank for advances made or to be made to the Company by way of Cash Credit and that the sugar bags are stored in the Company's godowns at Hospet and locked by your watchman with your locks so that your rights and possession over such stocks are undisputed.

2. In Section 3 of Government of Madras G.O., M.S.1070 dated 28th September 1949 (The Sugar stocks (Sale to Government of Madras) every producer of sugar is required to sell and is deemed to have sold to the Government all stocks of sugar held by him at the commencement of the Order and after that date the producer is responsible to the Government for the safe custody of the stocks.

3. On behalf of the Government of Madras, I recognise your right of lien over the sugar stocks already pledged with you by the above Company and I authorise you on behalf of the Government of Madras to accept fresh pledges of sugar as and when made by the Company and I undertake to pay on behalf of the Government direct to the Bank the price of any sugar bags removed from the Godowns where they are stored and before their removal. The Bank's right of lien over the sugar bags is hereby recognised by the Government and you are to have undisputed right of possession over the stocks of sugar pledged by the Company.

for THE INDIA SUGARS & REFINERIES LTD.,

Yours faithfully,

Manager.

Memo no. 49841 FP&S-3 dt. 19.11.49

Subj: cs. Sugar - The Sugar Stocks (control) Order, 1949 - Permission to Sugar factories to pledge their production with banks.

Ref: From M/S The India Sugars & Refineries, Ltd, Hospet letter dated 26.10.49.

A copy of the letter cited together with a copy of its enclosure is communicated to the Bd of Rev (CS): The Govt of India have since promulgated the Sugar Stocks (control) Order, 1949 (published in the Extra Ordinary issue of the Gazette of India dated 3.11.49) which supersedes the Sugar Stocks (Sale to Govt of Madras) Order, 1949. The Govt have considered the request of the Hospet Sugar factory in the light of the Central Govt Order referred to above. They are advised that the Central Govt Order, in so far as it recognises a right of sale and disposal in the producer is in conflict with the Madras Order, which vests the ownership of the stocks in the Govt. By virtue of clause 6 of the Govt of India's Order, the Madras Order should be held to be inoperative, in regard to sugar produced on or after the 3rd Nov. i.e. the date of the Central Order. Under clause 3 of the Central Order, Dealers

(N) that the Govt have directed the Govt of India to transfer to them the C.C.S allotted to the Bombay Powers as they acquired on the Govt. by the Central Order

with the notification conferring power on this Govt, this govt may grant necessary permission to the Hospet co. to mortgage the sugar produced by them on or after the 3rd Nov. 49 to the banks and impose such directions as they consider necessary for the purpose. Such directions can be made only against the producers and will not bind the banks to whom the may pledge the stock. It may be made a condition that the producers will remain liable and answerable for making available the pledged stocks whenever required by the Govt. Point it has to be settled the exact nature of the condition that has to be imposed has to be settled. The Bd of Rev (Sugar) is therefore requested to examine carefully the matter and suggest a suitable form of authority that may be given to the Sugar factories to pledge the production with the banks

It has been suggested that it appears its remarks as to the conditions subject to which permission

D 7/11/49 SP 12/11/49

18/11/49

DFD (SSM) 19.11.49 To The Bd of Rev (Sugar). R.D. 25/11 Stage 2 R. 2-3-11-49

This matter may be treated as specially important as the development of the Industry has since assumed by the Govt. This they are considering

[illegible] in the matter of securing the finance for which they have to make [illegible] any statement to the Bank. 19/11/49

GOVERNMENT OF MADRAS.
Food and Agriculture Department.
MEMORANDUM NO:49841-F/49-3 dated the 19th November 1949.

Sub: CIVIL SUPPLIES - SUGAR - The Sugar Stock (Control) Order, 1949 - Permission to sugar factories to pledge their production with banks.

Ref: From Messrs. The India Sugars and Refineries, Ltd., Hospet, letter dated 26/10/1949.

A copy of the letter cited together with a copy of its enclosure is communicated to the Board of Revenue (Civil Supplies). The Government of India have since promulgated the Sugar Stocks (Control) Order, 1949 (published in the Extra Ordinary Issue of the Gazette of India, dated 3-11-1949 copy enclosed). The Government have addressed the Government of India requesting them to arm the ~~Civil~~ Commissioner of Civil Supplies also with the same powers as those conferred on the Provincial Government by the Central Order. The Government have considered the request of the Hospet Sugar Factory in the light of the Central Government Order referred to above. They are advised that the Central Government Order in so far as it recognizes a right of sale and disposal in the producer is in conflict with the Sugar Stocks (Sale to Government of Madras) Order, 1949 which vests the ownership of the stock in the Government. By virtue of clause 6 of the Government of India's Order, the Madras Order should be held to be inoperative, in regard to sugar produced on or after the 3rd November 1949 the date of the Central Order. Under clause 3 of the Central Order, read with the Notification conferring power on this Government, this Government may grant necessary permission to the Hospet Company to mortgage the sugar produced by them on or after the 3rd November 1949 to the banks and impose such directions as they consider necessary for the purpose. Such directions can be made only against the producer and will not bind the banks to whom he may pledge the stock. It has been suggested that it may be made a condition that the producer will remain liable and answerable for making available the pledged stocks whenever required by the Government. But the exact nature of the condition that has to be imposed has to be settled. The Board of Revenue (Civil Supplies) is therefore requested to examine carefully the matter very urgently and offer its remarks as to the condition or conditions subject to which permission may be given to sugar factories to pledge their production with banks.

This matter may be treated as specially urgent as the management of the Factory has since represented to the Government that they are considerably handicapped in the matter of working the factory for inability to make financial arrangements with the Bank.

U.KUMARAYYA,
DEPUTY SECRETARY TO GOVERNMENT.

To The Board of Revenue (Civil Supplies), Madras.

Forwarded/ By Order.

SUPERINTENDENT.

19/11.

FdA(F)

Re regn charges

Letter No. 49871/49-4 dt 24.11.49

24/11/49 5.5.47 To

The Manager,
The India Sugars & Refineries Ltd
Hospet (Bellary Dt)

Sir,

Sub:- Cs. Sugar - control over production - Permission to pledge stocks with banks.

Fn 1:34

Ref: Your letter dated 26.10.49

I am directed to state that ~~the matter was under consideration of the Govt~~ as you are aware, the Govt of India have since promulgated the Sugar Control (Control) Order, 1949 + that in your request in the letter cited has to be

examined only in the light of what Govt. action
The matter is receiving the attention of the Govt. who have already called for the views of the C.C.S. Madras. and orders will be issued thereon
I am however to request that you may furnish to the C.C.S such relevant particulars as you may deem necessary to enable him to arrive at an early decision in the matter. as to the advice that monies of the Bank should be transferred by him to the Govt of India in connection with the matter.

D/ 20/11/42
21/11/42

D/ 21/11/42
Copy to the Govt of India in continuation of our memo No. 4981/FA&A-3 dt 19/11/42.

Govt of India will be informed accordingly
Govt of India
21 ...

THE INDIA SUGARS & REFINERIES, LIMITED

(REGISTERED OFFICE: HOSPET, BELLARY DISTRICT)

MANAGING AGENTS
THE INDIA SUGAR SYNDICATE LTD

URGENT.

HOSPET, BELLARY DIST.
18th November '49.

The Deputy Secretary to the Government,
Food and Agriculture Department,
Fort. St. George,
Madras.

FOOD AND AGRICULTURE

Dear Sir,

For the attention of Sri. G. Kumaraiyya, B.A.,
FREEZING OF SUGAR STOCKS.

We refer you to the previous correspondence on this subject ending with our letter No. 396 dated 26.10.49. and the undersigned's discussions with you on the 12th inst

You informed the undersigned that the Central Government Sugar Stocks Control Order 1949 dated 3-11-1949 - supersedes the Madras Government's order No. Ms. 1070 of 28-9-49 and you promised to write to us accordingly.

We have not received the letter you promised to write to this effect and the Imperial Bank of India, Bellary to whom we explained the position, have written to the -- Collector on the 17th instant as per copy enclosed.

Obviously the Collector may refer the matter to you for further instructions and to avoid delay we are writing to you this letter.

As we require some funds urgently, we shall be obliged if you will telegraph to the Imperial Bank of India, Bellary that the recent Central Government Sugar Control order referred to above supersedes the Madras Government G.O. Ms. 1070.

We shall be obliged if you will treat this matter as very urgent.

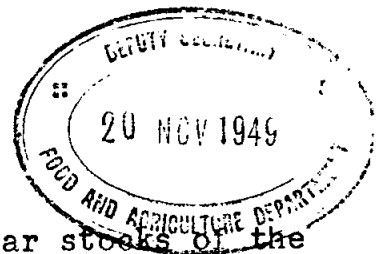
Yours faithfully,
For THE INDIA SUGARS & REFINERIES, LTD.

Manager

Copy to Collector Bellary.
" " I.B.I. "

Imperial Bank of India,

Bellary.
17th November '49.



The Collector,
Bellary.

Dear Sir,

Re: Freezing of sugar stocks of the India Sugars & Refineries Ltd., Hospet.
*****

With reference to your letter 11837/N 5-49 dated 2-10-49 in the above matter, kindly confirm that sugar stocks(Sale to Government of Madras) Order previously issued by the Madras Government has been superseded by the latest Central Government Order--Sugar Stocks(Control)Order 1949 dated 3-11-49 issued by the Ministry of Agriculture, New-Delhi and that you, on behalf of the Government of Madras, have no interest in the sugar stocks of the above company and our lien over the stocks is unsisputed.

2. As the matter is urgent, a very early reply will be appreciated.

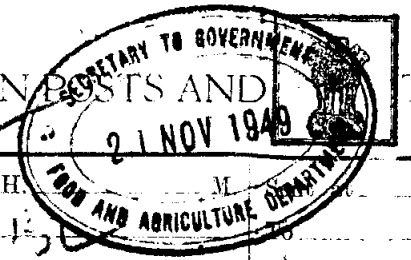
Yours faithfully,
Sd. S.Mani.
Agent.

Copy to M/s. India Sugars & Refineries Ltd., Hospet
Only after the Collector's confirmation is received, I am allowed to restore the Cash Credit Limit.

/ true copy /
for THE INDIA SUGARS & REFINERIES, LTD.

Manager.

B. I. Cable INDIAN POSTS AND TELEGRAPHS DEPARTMENT. No

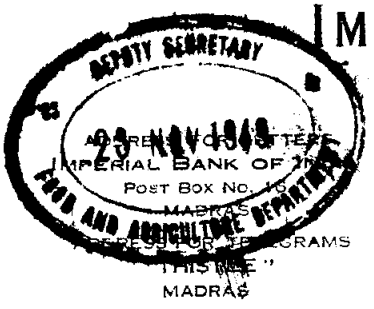


Recd. at 12-15 H. M. | ... H. ... M. Office stamp.

From [illegible]

By [illegible] | By ...

wish hospital — if
[illegible] medical
our letter [illegible]
please telegraph [illegible]
[illegible] and [illegible]
stop! medical urgent —
[illegible]



IMPERIAL BANK OF INDIA

MADRAS 22nd November, 19 49

F. No. 10/

10455 - 52

BEARER WAITS FOR REPLY

Deputy Secretary to Government,
Food & Agriculture Department,
Fort St.George,
Madras.

Dear Sir,

With reference to our telephone conversation of yesterday we shall be glad if you will kindly advise us whether the G.O. MS No.1070 Food & Agriculture dated 28th September 1949 issued by the Government of Madras has been superseded by the Central Government's Sugar Stocks (Control) Order 1949 published in the Gazette of India Extraordinary dated 3rd instant. In particular we desire to be informed if Section 3 (i) of the former Order issued by the Madras Government, in terms of which all stocks of sugar are deemed to have been sold to Government, is still in force.

2. In this connection we shall be glad if you will kindly refer to the letter dated 18th instant addressed to you by the India Sugars & Refineries Ltd., Hospet and advise us whether the Company have your permission to obtain advances from us against the security of their sugar stocks. If the answer to our query is in the affirmative please confirm that Government will be prepared to recognise the Bank's lien over such stocks and in the event of the stocks being taken over by them they will pay the purchase price direct to the Bank and not to the Company.

3. We shall be obliged if you will send us a reply to this letter through the bearer.

Yours faithfully,

Secretary & Treasurer.

DRAFT I. Food & Agri. (F).

Letter No.49841 F/49- 4 d 23 11 49

To

The Secretary & Treasurer,
Imperial Bank of India, Madras.

Sir,

Sub: C.S. - Sugar - Advance of money over sugar produced by Hospet Sugar Factory.

Ref: Your letter F.No.10455-52, dated 22.11.49.

I am directed to state that the Sugar Stocks (Control) Order, 1949, of the Govt. of India supersedes the Madras Sugar Stocks(Sale to Govt.) Order, 1949. Under Section 3 of the Govt. of India Act, no producer shall sell or dispose of etc. any sugar except in accordance with the directions of the Central Govt. or the Provincial Govt., who have been empowered in this behalf. This Govt. have therefore the necessary powers to grant permission to the Hospet Company to mortgage the sugar to the Bank and impose such restrictions as they consider necessary. The exact nature of the conditions to be imposed is under examination.

Y. F.

Copy to the Bd. of Rev.(CS)

20

IMMEDIATE.

DRAFT II.

D.O.No.49841 F/49- 5 & 23 11 Leg

My dear Mascarenhas,

Sub: C.S. - Sugar - The Sugar Stocks (Control) Order, 1949, - Permission to Sugar factories to pledge their production with Banks.

Ref: From the Secretary & Treasurer, Imperial Bank of India, letter F.No.10455-52, dated 22.11.49.

I am to forward herewith a copy of the letter cited and the reply thereto in continuation of the Govt. Memo.No.49841 F/49-3, dated 19.11.49. As the sugar production in the factory is hampered for want of funds, I am to request that the Board's reply may be sent immediately.

Y. S.

Sri A.F. Mascarenhas,
Secy. to C.C.S., Madra
(with a copy of p.17 c

THE INDIA SUGARS & REFINERIES, LIMITED.

(REGISTERED OFFICE: HOSPET, BELLARY DISTRICT)

MANAGING AGENTS
THE INDIA SUGAR AGENCIES LTD

[illegible]

888

ADDITIONAL ASSISTANT SECRETARY
24 NOV 1949
FOOD AND AGRICULTURE DEPT.

HOSPET, BELLARY DIST.

21st November '49.

The Deputy Secretary to the Government,
Food and Agriculture Department,
Fort St. George,
Madras.

Dear Sir,

FREEZING OF SUGAR STOCKS.

Further to our letter No. 811 of 18th instant we have telegraphed to you today as per confirmation copy enclosed.

As we require funds very urgently, we trust you will write to the Bank immediately and send a copy to us.

Thanking you,

Yours faithfully,
For THE INDIA SUGARS & REFINERIES, LTD.,

Manager.

Copy to:-
The Imperial Bank of India,
Bellary.

MKB/MK.

Confirmation of Telegram sent on

The India Sugars & Refineries, Ltd.

HOSPET

23

For THE INDIA SUGARS & REFINERIES, LTD.

Manager.

IMMEDIATE.

Board of Revenue (Civil Supplies)
Chepauk, Madras.

D.O. No.050614 C1/49.

Dated 26-11-49.

.....

57343

My dear Kumarayya,

Sub: Civil Supplies - Sugar - The Sugar Stock (Control) Order, 1949 - Permission to sugar factories to pledge their production with banks - exact nature of conditions to be imposed on the producers -

Read: 1. Government Memo No.49841 F/49-3 Food & Agriculture Department dated 19-11-49.
2. Your D.O. No.49841 F/49-5, Food & Agriculture Dept. dated 23-11-49.

.....

In their Memo first cited above the Government have called for the remarks of the Board as to the condition or conditions subject to which permission may be given to the sugar factories to pledge their production with banks. The Board has examined the matter and considers that the following conditions might meet the case :-

(1) The stocks to be pledged should, both at the time of pledging and at the time of redemption, be according to the standard prescribed for the various grades of sugar for which prices have been fixed by the Government. (The Bank will presumably satisfy itself of the quality and the condition of the sugar and will then be responsible to maintain it thereafter).

(2) Not more than 75% of the ceiling price of sugar, as notified by the Government, will be drawn as advances from the banks.

(3) The producer shall, before pledging the stock, apprise the bank in unambiguous terms that the stocks are pledged with the permission of the Government that their release might be made only in accordance with Government orders or direction, that he (the producer) will have no claim whatever and would abide by the orders issued by the Government and in regard to payment of the balance 25% of the cost of sugar pledged. Any amounts claimed by the Bank like interest, incidental charges etc. shall be re-imbursed to the bank and only the balance, if any due, shall be paid to the producer. If the amount due to the bank exceeds the amount available out of the sale proceeds on release, the producer shall be responsible to the Bank and Government shall be indemnified in toto to the Bank.

(4) The sugar factory and the Bank advancing the loan should give an undertaking in writing that they agree to abide by the orders of the Government or its officers in regard to the release of the sugar stocks and agree to receive payment according to their decision.

Yours sincerely,

To

Sri U. Kumarayya, B.A.,
Deputy Secretary to Government,
Food & Agriculture Department,
Madras.

ADDITIONAL ASSISTANT SECRETARY
28 NOV 1949
FOOD AND AGRICULTURE DEPT.

Received 3/10/49

Cs. Mortgage Bonds (convict) Ltd. (SAP
Permission to ~~[illegible]~~ the Punjab Sugar
and Refineries Ltd. thereat to pledge
their stocks of sugar with banks.—Order
issued.

Ref. From M/S ISWR. Ltd Hoshiarpur
letter No. 396 dated 26.10.49
and No 311 dated 18.11.49.
Lr No MS INO 1494 Ref dated 29 Nov 49

The Govt. have carefully
examined the request of M/S The
Punjab Sugars & Refineries Ltd, Hoshiarpur
to permit them to pledge the
stocks of sugar produced in their
factory with the Imperial Bank of
India and to issue necessary direction
to the Bank, ~~[illegible]~~ They have decided
that the factory may be
permitted to mortgage to the Bank
the sugar produced by it and to
issue necessary directions to the extent required
the factory should keep the
Bank properly informed from time to time
to the quantity of sugar in their godowns
which called upon to do so. The Govt. have
also given an undertaking in
writing to ~~[illegible]~~ (C.C.A.)
to the effect that it would indemnify
the Bank against any loss
arising to it in case
~~[illegible]~~

2. In view of the above

H.E. the Governor ~~hereby permits~~
~~the Govt. of~~ Madras in exercise
of the powers ~~conferred upon~~
them by ~~by~~ virtue of clause 3 of the Sugar
Stocks (control) Order, 1949, issued
by the Govt. of India, Ministry
of Agriculture ~~& Food~~ ~~vide~~ ~~with them~~ notification
No SV 105 (1)/50 dated 3rd Nov. 49. A/P
~~delegating the powers conferred on them~~
~~to the Govt. of India, permit~~
M/S The India Sugars & Refineries
Ltd, Hospet (Bellary dt) to hold
the stocks of sugar produced by
them with the Imperial Bank of
India, subject to the conditions
referred to in para 1 above, with a
view to obtaining loans from
the Bank.

29/11/49 29/11/49

29/11/49

To
1) The Bd of Revenue
2) Govt Secretariat Bellary
3) Agents Imperial Bank of India
4) M/S The India Sugars & Refineries Ltd Hospet.

S.F.

Received copy addressed to India Sugars & Refineries Ltd Hospet

29/11/49.

GOVERNMENT OF MADRAS
ABSTRACT

CIVIL SUPPLIES - The Sugar Stocks (Control) Order, 1949 - Permission to The India Sugars and Refineries Limited, Hospet to pledge their stocks of sugar with banks - Orders issued.

FOOD AND AGRICULTURE DEPARTMENT

G.O. No.1494. Dated 29th November 1949.
Read the following:-

From Messrs. India Sugars and Refineries Limited, Hospet, letters No.396 dated 26-10-49 and No.811 dated 18-11-49.

ORDER:

The Government have carefully examined the request of Messrs. The India Sugars and Refineries Limited Hospet to permit them to pledge the stocks of sugar produced in their factory with the Imperial Bank of India and to issue necessary instructions to the Bank. They have decided that the factory might be permitted to mortgage to the Bank the sugar produced by it and to draw loans to the extent allowed. The factory should however make itself responsible for delivery of the pledged sugar to the Government or their agents whenever it is called upon to do so. It should also give an undertaking in writing to the Commissioner of Civil Supplies to the effect that it would abide by the orders of the Government or their agents from time to time and agree to release the stocks of sugar pledged with the Bank on payment of their cost to the Bank direct by the Government or their agents.

2. In view of the above decision, His Excellency the Governor of Madras in exercise of the powers under clause 3 of the Sugar Stocks (Control) Order, 1949, issued by the Government of India, Ministry of Agriculture read with the notification of the Government of India, Ministry of Agriculture No.CV.105(1)/50 dated 3rd November '49 hereby permits Messrs. The India Sugars and Refineries Limited, Hospet (Bellary District) to pledge the stocks of sugar produced by them with the Imperial Bank of India and obtaining loans from the Bank subject to the conditions referred to in paragraph 1 above.

(By Order of His Excellency the Governor.)

U. Kumarayya,
Deputy Secretary to Government.

To The Board of Revenue (Civil Supplies.)
Copy to the Collector of Bellary.
Copy to the Imperial Bank of India Limited,
Copy to M/S. The India Sugars and Refineries Limited, Hospet.

/ True Copy /
/ Forwarded / By Order/

CBS.29.11.49. SUPERINTENDENT.

Letter no. 45841/45—2 d 29/11/49

To

~~The Manager~~ Secretary & Treasurer, Imperial Bank
~~India Sugars & Refineries Ltd~~
~~Hospet (Bellary Dt)~~ of India, Ra

Sir,

~~Sub: CS. Sugar~~ Advance of sum
~~Contract~~
~~over your proposal by Hospet Fact~~
~~to pledge stocks with Bank~~ of Sugar

Ref: Your letter no. 45841/
-4 f+A dated 23-11-49

I am directed to enclose a copy of the Order passed by the Govt in the matter

29/11/49

29/11/49

In continuation of this ~~Govt's letter cited~~ I am directed to state that this Govt. has since decided that permission may be granted to the factory to pledge its production with the banks to obtain loans subject to the condition that the sugar factory makes itself responsible for delivery of sugar to the Govt. or their agents whenever it is called upon to do so. The factory should also have no objection to the agents of the Govt. remitting the cost of the sugar released direct to the banks with a view to effect its release from the mortgage but the factory is responsible for the delivery of the goods to the Govt.

I am ~~therefore~~ directed to request that you may approach the Bank and obtain necessary permission from it after giving a written undertaking ~~to the effect~~

Y.

Copy to the Manager
Sugar Factory.

Secret 2 India

Copy to the Manager
Sugar & Refineries Co. Ltd
Sugar Factory
Nawabganj.

Copy to the Sd. Y
Dir (C.S). Yr Sd.
Should we instruct the
collector of Bellary to
obtain permit the
factory to dispose its
stocks within months
after obtaining from it
a written undertaking
on the lines of the
conditions mentioned in
the letter.

Copy to S.F.

Copy to S.C.

Received Copy

Sd. K. Shamanna
29/4/49

THE INDIA SUGARS & REFINERIES, LIMITED

(REGISTERED OFFICE: HOSPET, BELLARY DISTRICT)

RAO SAHIB
[illegible]RUVENGADASWAMY MUDALIAR

HOSPET, BELLARY DIST.

ADDITIONAL ASSISTANT SECRETARY
FOOD AND AGRICULTURE DEPT.
8 DEC 1949

30th November '49.

[illegible]/1086

[illegible] Civil Supplies,
[illegible],
[illegible].

[illegible] Sir,

Civil Supplies - The Sugar Stocks(Control) Order, 1949
In addition to the India Sugars and Refineries Limited
[illegible] to pledge their stocks of sugar with Banks.

[illegible] the Honble to solicit reference to the G.O.
[illegible] dated the 29th instant from the Food and
Agriculture Department on the above subject.

We hereby undertake to deliver the pledged stocks of sugar to the Government or their agents whenever called upon to do so and we also agree to abide by all orders or instructions received from you and agree to release of pledged stocks by the Imperial Bank of India on receipt by payment of cost of sugar as directed to be released by you or your agents direct to the Bank.

Please acknowledge receipt of this letter with a copy to the Imperial Bank of India, Madras.

Yours faithfully,

for The India Sugars & Refineries, Limited

[illegible]

cc to:-
[illegible] Imperial Bank of India,
[illegible] Madras.
[illegible] Imperial Bank of India,
[illegible].
[illegible] Secretary, Food and Agl.
Department, Madras.

[illegible].

C.No. 49841 F/47

Food & Agri. (F).

I had personal discussions about this with Mr. Edwards and the representative of the India Sugars & Refineries Ltd., Hospet. The difficulty appears to be a real one and that has resulted from the fact that our notification, which is intended to cover the presen production season, mentions that the sugar that is produced should be deemed to be the property of the Government. Since the produce becomes the property of the Government, the banks naturally do not give the loan. It is not our intention that the trade should be interfered with in this manner, and therefore, the question of suitably amending our order will have got to be considered. But meanwhile, it is seen from a telegram from the Govt. of India, that they themselves propose to issue an order to cover the ~~produce~~ product of sugar in the production season, and if so, we shall have to wait and see what the wording of that order is. If that order again places this obstacle in the way of the factories, we may have to refer the matter to the Govt. of India. We may wait for a couple of days. If nothing comes, I might talk to Mr. Mone over the phone.

31.10.47

No order from the central Govt. has yet been received. Resubmitted with reference to orders above.

3.11.47 3.11.47

Copy of letter &c. to Hon. Khan Sahib

3/11/47

In a telegram received to-day

the Govt of India have stated that their order controlling the stocks of sugar produced in factories during the ensuing season has been published in the extraordinary issue of the Gazette of India dated 3.11.49. However they have asked this Govt to proceed with the controlling of such stocks forthwith. In the circumstances it does not appear necessary to send a D.O to Mr. Mone at this stage.

A D.O. may perhaps go, when the matter is finally settled by which the Govt is served by India has not made any provision towards the points under consideration in this file

The Govt of India notification referred to at M above has since been received and is added at (G) pp 112 of top file. According to their previous order viz. the Sugar Stocks (Sale to central Govt) Order, 1949 and the order of the Prov. Govt. viz the Sugar Stocks (Sale to Govt of Madras) Order, 1949, Sugar produced in factories was deemed to have been sold to the central or Prov. Govt. respectively and hence the sugar stocks became the property of the respective Govts. Hence naturally the Imperial Bank of India would have naturally refused to advance loans to the

Hospet Sugar factory which used to obtain them by pledging their production to the Bank, but according to the present Order viz the Sugar Stocks (control) Order 1949 the sugar stocks produced by the factories appear to be the property of the factories themselves but subject to the control of the central or Provl. Govt as the case may be so far as their disposal or delivery is concerned. The Hospet Sugar factory appears to be, according to the new order, free to pledge its production and obtain loans on it. If the view above is correct, the Sugar factory may be informed accordingly. If the view is not correct, the Govt. of India have to be addressed to issue amendment to their Order if necessary.

Legal may be requested to offer their remarks in the matter.

I do not think that this is correct. Legal may be consulted
12/11/49

8/11/49 11/11/49

12/11/49 12/11/49 D.S./Legal

F.V.A.V.D. 4984/1/7484-1

12/11/49

ASSISTANT'S COPY 14777 13NOV1949 LEGAL DEPARTMENT

LEGAL DEPARTMENT.

Under the control order at (A), only the stocks of sugar held at the commencement of that order viz 2/9/1949 are deemed to have been sold to the Central Government. Stocks produced or acquired thereafter are outside the purview of that order. However, under clause 3(1) of the Madras Order at (N), not only the stocks of sugar held on the date of its commencement but also all stocks of sugar thereafter produced are deemed to have been sold to this Government. Hence unless the Madra Order is suitably amended, no producer (as defined in clause 2(b) of the Madras Order) in this Province can pledge, or in an way deal with, stocks of sugar produced after the commencement

(N)

pf that Order.

14 11 49

Food + Agri (F)

Food

Legal D.O. M
14-11-49
2-30.

Please see the notes of Legal Deptt. at pp 3-4 above. At A on p. 3 above they were requested to advise whether ~~~~ in view of the Sugar Stocks (control) Order, 1949 recently promulgated by the Govt. of India it would be possible for any producer (Sugar factory) to pledge his production and obtain loans on it. Now Legal have clarified the position of Sugar factories in relation to the Sugar Stocks (Sale to Govt of Madras) Order which is relatively an older order and which has to be rescinded in view of the promulgation of the GOI Order. Legal may therefore again be requested ~~Another~~ to advise ~~If above is possible, Legal~~ on II above; they may also be requested to advise whether in case ~~the~~ a factory is pledged, the Govt. will have ~~precedence~~ over the pledged produce. To make the position clear a hypothetical instance may be stated. supposing the Govt. or the C.C.S. issues instructions to the factory for the disposal of sugar produced by the factory and which has been pledged. under the terms of clause 3 of ~~the Order~~ Madras Govt or (C) it would appear the instructions would be binding on the Producer. The point for consideration is whether Government can compel the Bank in case it refuses to release the sugar stocks pledged on account of some misunderstanding or quarrel with the factory.

THIRD ASSISTANT SECRETARY TO CO
14 NOV 1949
54162
FOOD AND AGRICULTURE DEPART

14 11 49

According to clause 3 of the Central Govt's latest

order namely the Sugar Stocks (control) order, 1966 at (6) a factory cannot dispose of its stocks with a bank except with the permission of the competent authority specified in that clause because pledging is a method of disposal and no producer can dispose of his stocks in any manner whatsoever except in accordance with the directions of competent authority. Legal may kindly confirm whether the position stated above is correct and if it is correct if a bank whether any and if so what conditions could be prescribed before according permission for the pledging of stocks with a view to ensure that the pledged stocks are released by the banks for consumption in such manner and at such times as may be prescribed by the Govt.

Issue JS/Legal

Legal may please examine the position again with reference to the present notification of the Govt. of India dated 3.11.1949. It is presumed that this notification has the effect of making null and void such provisions in the Madras Order at 'N', which are in conflict with the provisions of the Govt. of India notification. If this is the case, then the request of the Hospect company will have to be examined in the light of the Govt. of India notification dated 3.11.1949 and Legal may please advise whether in the light of this Order, the company can be permitted to mortgage their sugar to the banks. If they cannot do it, the matter will have to be taken up to the Govt. of India for providing necessary facilities to the factory.

15/11/49

Food Approvs
4984/F/49-2
15/11/49

LEGAL DEPARTMENT

The presumption of Deputy Secretary, Food and Agri. at A above is correct. The Government of India's control order (G) dated the 3rd November 1949 in so far as it recognizes a right of sale and disposal in the producer is in conflict with the Madras Order at (N) which vests the ownership of the stock in the Government. By virtue of clause 6 of the Government of India's order the Madras Order should be held to be inoperative, in regard to sugar produced on or after the 3rd November 1949 the date of the Central Order. Under clause 3 of the Central Order, read with the notification conferring power on this Government, this Government may grant necessary permission to the Hospet Co. to mortgage the sugar produced by them on or after the 3rd November 1949 to the Banks, and impose such ~~discretion~~ directions as they consider necessary for the purpose. Such directions can be directed only against the producer and will not bind the banks to whom he may pledge the stock. It may be made a condition that the producer will

ASSISTANT SECRETARY
16 NOV 1949
14949
LEGAL DEPARTMENT

remain liable and answerable for making available the pledged stocks whenever required by the Government. The exact nature of the condition that may be ~~enforced~~ imposed may be settled after getting the views of the Commissioner of Civil Supplies.

The above position holds good only in regard to the sugar produced on or after the 3rd November 1949, the date of the Government of India's Control order at (G). In regard to sugar produced before that date the Madras Order at (N) will apply and the previous note of this Department had reference only to that.

Food & c. 14777/Cg 1
" " G.
2.30 P.M.
" " "

17.11.49

Food + Agri (F)

Please see the notes of Legal Dept's note above. W.R.T M above the views of Legal Deptt may be communicated to the Bd. and its remarks in the matter called for. Subject to orders a draft memo to the Bd. is submitted for approval

17/11/49 17/11/49

18/11

Agree. A memo should be issued accordingly.

Please arrange accordingly.

[Issued memo 4881 Fdt. 3.12.49]

THIRD ASSISTANT SECRETARY TO GOVERNMENT
17 NOV 1949
55083
FOOD AND AGRICULTURE DEPARTMENT

W.R.T orders of D.S at p.7 above a draft letter to the Hoshet factory is submitted for approval

21/11/49

21/11/49

[illegible]

[illegible]

[illegible]

b17 [From the Imperial Bank of India letter d 22.11.49]

Extract of orders of D.S at p.17 cf:

Para 1

"We ~~may~~ can give this information in terms approved by Legal alone."

Para 2

"Say. Not yet and the matter is still under consideration."

(Sd) U.K
23 11 49

With Reference to orders of the Dy. Secy two drafts are submitted for approval.

23/11/49 23/11/49

Signed as Pr. No. 4984 I/49 - a d 23 11 49] 23/11/49.

" " DO " " " -5d 23.11.49]

The Board has since sent its reply and has suggested certain conditions to be imposed. The Manager of the Factory also saw me and said that the factory is being put to serious difficulties for want of funds in running the factory and in view of our letter to the Bank, the Bank has refused to advance any loan. It is in the interests of both the factory and the general consumer public that the production of sugar in the factory should not be interfered with, but on the other hand maximised to the utmost extent, in view of the general scarcity of sugar in the country.

b.19 cf

It seems to me that we may agree to the following procedure: The factory might be permitted to mortgage to the bank and draw loans to the extent allowed. The factory should make itself responsible for delivery of sugar to our agents whenever called upon to do so. The Govt. would have no objection to our agents remitting the amount direct to the Bank with a view to effect the release of the sugar from mortgage, but the responsibility should be of the factory to deliver the goods to us. I am doubtful whether it would be necessary to have an undertaking from the Bank as suggested by the Board. In any case, it is doubtful whether the bank will be willing to

give an undertaking.

Legal may please advise whether orders could be issued permitting the factory to mortgage the sugar to the bank and obtain loans and imposing a condition however that the factory should make itself liable to deliver the sugar to our agents on payment of the cost of the sugar by the Govt. to the bank and whether any further conditions should be noted and whether any undertaking from the bank would also be necessary.

28/11/49

Legal

F&AD 49841 F/4x-6

28/11/49

LEGAL DEPARTMENT.

There is no legal objection to issuing an order on the lines ~~suggested~~ proposed by D.S. Food & Agri. above. ~~The~~ An order on the lines suggested seems to be quite sufficient for the purpose.

ASSISTANT SECRETARY 15734 28 NOV 1949 4-4 P.M. LEGAL DEPARTMENT

2. No undertaking from the bank is necessary, and it is also not possible under the control order at (M) to insist on the bank giving an undertaking.

Legal No. 15734/61
29-11-49.

29/11/49

11-45 A.M.

Food & Agri. (F) 57913

Please see the notes of Legal Deptt. above. They have agreed with the views of the Deputy Secretary at pp9-10 above. Subject to orders ~~2 drafts are~~ a draft letter to the Bank is submitted below for approval with enclosure to the Factory of the RS.

29/11/49

28/11/49

The enclosure to the factory merely communicating a copy of the letter to the Bank will not do. We must issue a directive to the factory under clause

of the Sugar Stocks (control) order, 1948. Please draft and a communication (Gr.) to the factory and make mention of the Gr. in the letter to the Bank.

29/11

N. r. to note a draft Govt is also submt. for approval. The draft letter to the Bank and the draft Govt may be approved Legal may also be before issue

29/11/49 29/11 29/11/49 D.S./Legal

The draft is in order subject to the slight alterations indicated in pencil.

29/11/49 Food & Agri

May issue as amended by Legal

D.S.

ADDITIONAL ASSISTANT SECRETARY 29 NOV 1949 FOOD AND AGRICULTURE DEPT.

[illegible] No 4984 F/48-7 d 29.11.48] p 31 c

[Printed copy No 1484 F-1A d 29.11.48] - p 29 c

29/11/49

Please see the copy of letter at p. 33 c from Hooper Sugar Factory to the C.C.S. No further action appears necessary in this file. The papers may be put up as by 1484 F&A d 29.11.48. For order D.S. may see p. 33 c.

4/12/49 4/12/49 4/12/49 D.S.

(N)

GOVERNMENT OF MADRAS
Abstract

CIVIL SUPPLIES - Sugar - The Sugar stocks (Sale to Government of Madras) Order, 1949 - Issued.

o-o-o-

O R D E R

1. (i) This Order may be called 'The Sugar Stocks (Sale to Government of Madras)Order, 1949'

(ii) It extends to the whole of the Province of Madras

(iii) It shall came into force on the date of its publication in the Fort St. George, Gazette.

2. In this Order --

(a) 'Commissioner' means the Commissioner of Civil Supplies, Madras.

(b) 'Producer' means a person carrying on the business of manufacturing sugar with the aid of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal agency;

(c) 'Scheduled price' means the price specified in the Schedule annexed to the Sugar Stocks (Sale to Central Government, Order, 1949, in respect of each grade of sugar.

(d) 'sugar' means any sugar of crystalline structure

3. (i) Every producer is hereby required to sell and shall be deemed to have sold, to the Government of Madras at the scheduled price the whole of the stocks of sugar held by him on the date of the commencement of this Order and thereafter produced by him irrespective of the fact whether such stocks are held by him or by any person on his behalf and whether such stocks are held within factory premises or elsewhere.

(ii) Every producer shall furnish to the Commissioner full details of the stocks of sugar sold to the Government of Madras under the provisions of sub-clause (i), including details as to the quantity and quality of sugar and the place or places where stocks are held at such intervals as may be required by the said Commissioner

(iii) Notwithstanding the sale effected by the provisions of sub-clause (i), the producer shall be responsible to the Government of Madras for the safe custody of the stocks of sugar sold to the Government of Madras until arrangements are made by them for disposal of such stocks.

4. The provisions of this Order shall have effect notwithstanding anything contrary contained in any law for the time being in force or any order made thereunder by the Government of Madras or other authority in regard to the stocks of sugar referred to in clause 3 or any contract or agreement for the sale of such stocks subsisting immediately before the commencement of this Order.

(TRUE COPY)

RDJL/28.9.

Superintendent.

Registered No. D-28.

The Gazette of India.

Extraordinary

Published by Authority

NEW DELHI, THURSDAY, NOVEMBER 3, 1949.

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE

NOTIFICATIONS.

New Delhi, the 3rd November, 1949.

No. SV-105(1)/50.—In exercise of the powers conferred by clause 3 of the Sugar Stocks (Control) Order, 1949, the Central Government is pleased to direct that the powers conferred on it by that clause of the said Order shall be exercisable also by the Provincial Governments of East Punjab, West Bengal, Orissa, Bombay and Madras and the Chief Commissioners of Bhopal and Rampur in respect of stocks of sugar with sugar factories in their respective jurisdictions.

No. SV. 105(1)/50.—In exercise of the powers conferred by Sections 3 and 4 of the Essential Supplies (Temporary Powers) Act, 1946 (XXIV of 1946), the Central Government is pleased to make the following Order:—

1. Short title, extent and commencement.—(i) This Order may be called the Sugar stocks (Control) Order, 1949.

(ii) It extends to all the Provinces of India.

(iii) It shall come into forceat once.

2. Definitions.—In this Order—

(a) 'SUGAR' means:—

(i) any form of sugar containing more than 90 per cent sucrose.

(ii) any sugar of crystalline structure.

(b) "EX-FACTORY PRICE" means the price of sugar inclusive of excise duty packed in accordance with the usual market practice and loaded at the buyer's option on buyer's carts, lorries or other means of transport or into railway wagons at the railway station, or siding generally used by the producer and all incidental charges including these for loading and forwarding, being on account of the ex-factory seller.

(c) "PRODUCER" means a person carrying on the business of manufacturing sugar with the aid of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal agency.

P.T.O.

3. Restrictions on sale of sugar by producers.-- No producer shall sell, or agree to sell, or otherwise dispose of, or make delivery of, any sugar produced after the commencement of this Order except in accordance with the directions of the Central Government or of any officer or authority empowered in this behalf by a general or special order of the Central Government.

4. Powers to fix ex-factory prices.--The Central Government may from time to time fix ex-factory price of sugar and different ex-factory prices may be fixed for different types of grades of sugar and for different areas.

5. Producers to sell sugar at ex-factory price-- Where the ex-factory price of sugar has been fixed under clause 4, no producer shall sell or agree to sell sugar:--

(a) for delivery ex-factory at a price exceeding the price so fixed,

(b) for delivery otherwise than ex-factory at a price so fixed PLUS such charges in respect of transport to or in specified area and other incidental charges as may be approved by the Central Government.

6. Effect of Order.--The provisions of this Order shall have effect notwithstanding anything to the contrary contained in any law for the time being in force or any order made thereunder by any Provincial Government or any other authority in regard to sugar referred to in clause 3 and any contract or agreement for the sale of such sugar subsisting immediately before the commencement of this Order.

N.T. MONE, Joint Secy.